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PROPOSAL

UNDER THE

SMALL COMMUNITY

AIR SERVICE DEVELOPMENT

PILOT PROGRAM

DOCKET OST-2002-11590 – 29

Presented by:



WILMINGTON INTERNATIONAL AIRPORT

AND THE

WILMINGTON AVIATION FOUNDATION

April 18, 2002

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WILMINGTON INTERNATIONAL AIRPORT

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Airport Authority
Carter T. Lambeth
Chairman
Parks L. Griffin
Vice-Chairman
E. L. Mathews, Jr.
Secretary
John M. Coble
I. A. Roseman, D.D.S.

Airport Director
Jon W. Rosborough

April 16, 2002



**WILMINGTON
INTERNATIONAL
AIRPORT**

1740 Airport Boulevard
Wilmington, North Carolina 28405
(910) 341-4333 · (910) 341-4365 Fax
Web site: <http://www.flyilm.com>
E-Mail: ilm@flyilm.com

The Honorable Norman Y. Mineta
U. S. Department of Transportation
Office of the Secretary
400 7th Street, S. W.
Washington, DC 20590

Dear Honorable Mineta:

The Wilmington International Airport (ILM) is governed and operated by the New Hanover County Airport Authority. The Authority consists of five members appointed by the New Hanover County Board of Commissioners. The authority is submitting a grant request of \$500,000.00 for the Small Community Air Service Development Pilot Program, Docket OST-2002-11590-1. This grant will be used specifically for air service development for the Wilmington International Airport.

We believe we qualify as one of the communities to participate in this program for the following reasons (and as described in our application):

- Declining air service: during the last 24 months, ILM lost two of its four airlines and two critical non-stop destinations.
- Exceptionally high airfares.
- Air service needs: The Wilmington MSA is one of the fastest growing regions in the country and with the loss of two airlines, ILM is only servicing two connecting hubs.
- ILM was not classified as larger than a small hub based on our CY 1997 enplanements.
- We have identified a public – private partnership that will be responsible for reimbursement requests and to receive funding from the Department.

The public-private entity responsible for receiving and disbursing grant funds would be the Wilmington Aviation Foundation of Wilmington, North Carolina. Co-sponsors of this grant request would be the Wilmington Chamber of Commerce, The Community Growth Planning Core Team (representing key community organizations) and the Wilmington Industrial Development Committee of 100.

My fellow authority members as well as those leaders represented by the sponsoring groups listed here, are extremely excited about the possibilities of expanding air service development activities for our community.

Thank you for your consideration.

Sincerely,

Carter T. Lambeth
Chairman
New Hanover County
Airport Authority

CTL/jj

WILMINGTON INTERNATIONAL AIRPORT

**1740 Airport Boulevard
Wilmington, North Carolina 28405
Phone: 910 341-4333
Fax: 910 341-4365
flyilm.com**

Wilmington International Airport is governed and operated by the New Hanover County Airport Authority. The Authority consists of five members appointed by the New Hanover County Board of Commissioners for four (4) year terms.

The Airport Authority is comprised of the following individuals:

Carter T. Lambeth, Chairman
Parks L. Griffin, Vice Chairman
E. L. "Matt" Mathews, Jr., Secretary
John M. Coble, Member
I. A. Roseman, D.D.S., Member

The Wilmington International Airport Executive Staff:

Jon W. Rosborough – Airport Director

Email: jrosbo@isaac.net
Telephone: 910 341-4333 Ext: 1001

Julie A. Wilsey – Deputy Airport Director/Director of Engineering

Email: jwilsey@isaac.net
Telephone: 910 341-4333 Ext: 1002

Jim P. Morton – Director of Finance

Email: jmorton@isaac.net
Telephone: 910 341-4333 Ext: 1004

WILMINGTON INTERNATIONAL AIRPORT OVERVIEW

LOCATION

Wilmington International Airport is located three miles northeast of the city's business district.

PASSENGER TERMINAL

Wilmington International Airport's 85,000 square-foot passenger terminal was built in 1988 and houses all airline ticket and baggage claim operations, rental car reservation counters, one airline concourse with six (6) gates and retail and food concessions. The New Hanover County Airport Authority's administrative offices and conference facilities are also located in the main passenger terminal.

CONFERENCE FACILITIES

Two small conference rooms just off of the Passenger Terminal lobby is available for use to firms or individuals for meetings, seminars and receptions on an hourly or daily basis. The large conference room in the Administrative suite is available for rent on a half-day or full day basis. Catering services and audiovisual equipment are available for each conference room.

INFORMATION BOOTH

Staffed by New Hanover County Retired Senior Volunteers, the information desk is operational from 10:00 a.m. until 6:00 p.m. daily. The volunteers distribute brochures, maps, driving directions and general information about airport facilities and the local area – or just a warm smile.

CONCESSIONS

A variety of generic food and retail concessions are located in the Airport's terminal lobby area. As early as December 2001, travelers will begin to see signs of expansions and renovation in the gate and atrium areas. Along with the renovation, the restaurant, lounge and gift shop will get a new look. The new concessions will also employ a new airport trend, street pricing, which is designed to keep prices in airports in line with those prices found outside of airports.

AIRFIELD FACILITIES

Wilmington International Airport's airfield facilities consist of a main runway (17-35) which is 7013 x 150' and a crosswind runway (6-24) which is 8007 x 200'. These capabilities allow operations by all scheduled aircraft types, including Boeing 737s, Regional Jets and larger jets.

AIR CARGO SERVICES

Over six (6) million pounds of air cargo are presently shipped in and out of Wilmington International Airport. Cargo carriers include U.S. Airways, ASA "Delta", DHL, Mountain Air Cargo, Ram Air, Federal Express and the United Parcel Service.

PARKING

Wilmington International Airport has over 900 parking spaces located in the short-term and long-term surface lots, both of which are within a short walk of the terminal. Fifteen minutes of complimentary parking is offered in both lots. Car escorts and complimentary battery and lockout assistance are also available. Short-term parking rates are \$1 for the first 30 minutes, \$2/hour or a maximum of \$8/day. Long-term rates are \$1/hour or a maximum of \$5/day.

GROUND TRANSPORTATION

On-site rental car companies include Avis, Budget, Hertz and National. Lett's Limousine and Shuttle Service is the authorized limousine service providing door-to-door service to the entire area. Taxi cab service is also available through several different taxi cab companies.

GENERAL AVIATION SERVICE

General Aviation services, or fixed based operations, are provided by Aeronautics, Air Wilmington, and Aero Service – North and South Ramps, with full-service facilities for maintaining and housing private and corporate aircraft. The three (3) companies have individual terminal facilities and offer everything from aircraft rental and flight instruction to sightseeing flights and aircraft repair.

INTERNATIONAL TERMINAL FACILITY

The international terminal, 1803 Hall Drive, performs as an arrival and departure facility for international charter flights. Full U.S. Customs, Agriculture and Immigration services are available 24 hours daily with at least two (2) hours notice.

PUBLIC SAFETY OFFICE/RESCUE BASE

The Public Safety Office at Wilmington International Airport (ILM) is a state-of-the-art facility, boasting leading edge aviation industry standards. With 14 highly trained personnel, superior firefighting equipment and continual certified training programs, Wilmington International's Public Safety Office is the operational center for aircraft rescue and firefighting equipment.

PENNINGTON MAINTENANCE CENTER

The Wilmington International Airport Maintenance Department is housed in the Pennington Maintenance Center, 1803 Empennage Drive and is responsible for the landscaping and maintenance of all airport grounds including the interior and exterior of passenger and support facilities, runways, taxiways and aprons. The Airport's new Maintenance Facility, built in 1999, consists of an 11,500 square-foot building with five (5) vehicle bays. The building houses snow removal equipment and supplies, 2-ton overhead crane and vehicle lift and other field maintenance equipment.

FAA WILMINGTON CONTROL TOWER

Built in 1987, the FAA Wilmington Air Traffic Control Tower stands 100 feet tall. Wilmington Tower is a Level 7 approach control which handles approximately 350 aircraft per day, 17 hours per day and 365 days per year. Radar coverage is provided by an ASR-8 terminal system. System redundancy is offered via a dual electrical path from CP&L, several engine generators, and battery packs. Wilmington Tower provides approach control service to departure, arrival and over flight traffic with a 55 NM radius of Wilmington International Airport from their surface to 10,000 feet.

PUBLIC SAFETY / SECURITY

The Wilmington International Airport's Public Safety Department is responsible for providing public safety and law enforcement throughout the entire grounds of Wilmington International Airport. They maintain outstanding relationships and works closely with the City of Wilmington and New Hanover County Police Departments, the Bureau of Criminal Investigations of the North Carolina State Patrol, the FBI, FAA and the Alcohol, Tobacco and Firearms Bureau. Currently, Globe Security is contracted by TSA, until October 2002 (since 9/11), to oversee all airport and airline security screening functions at Wilmington International Airport. Pre-boarding screening capabilities include one fully staffed checkpoint during airport operating hours. Screening equipment includes magnetometers, hand held metal detectors, and x-ray machines that are able to identify any threat to aviation.

MASTER PLAN

The current Airport Layout Plan was approved by the FAA in 1999. The document outlines the long-range needs for air transportation services in southeastern North Carolina. Recently, New Hanover County Airport Authority has decided to review the document and has plans to revise it to include the following projects:

1. Passenger Terminal Renovation
2. Adding an ILS System and designating Runway 6-24 as primary
3. Airpark – Business Park Development
4. Land Acquisition within current PFC zone
5. International Terminal Renovation

WILMINGTON INTERNATIONAL AIRPORT

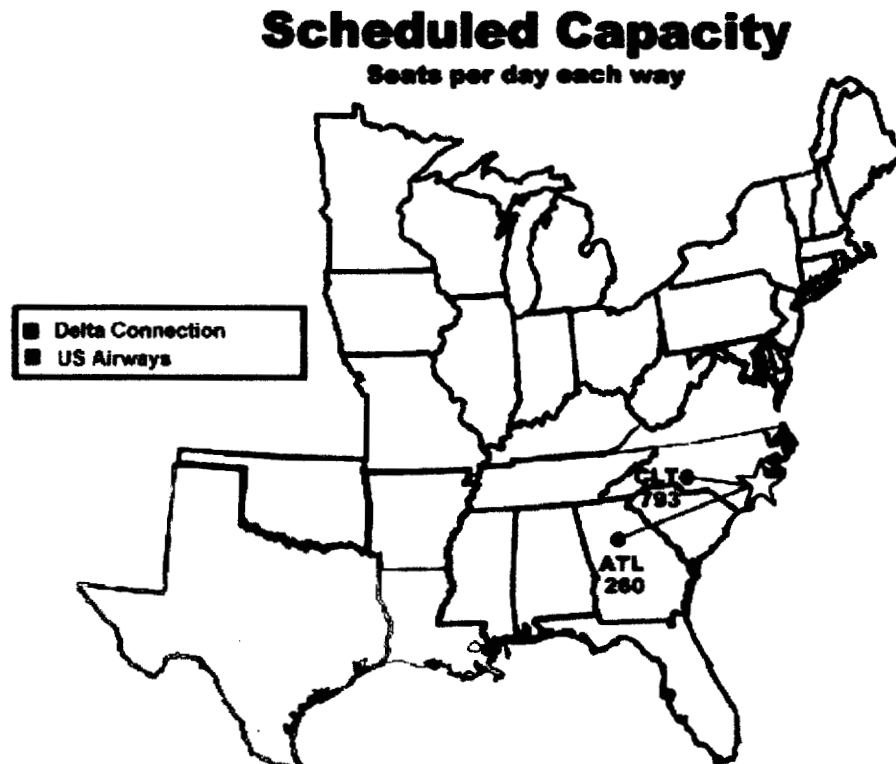
CURRENT AND HISTORICAL AIR SERVICE

Wilmington International is served by two (2) major airlines – ASA “Delta Connection” and U.S. Airways. The airlines combined provide southeastern North Carolina region with 34 daily arrivals and departures to key destinations throughout the United States and the world.

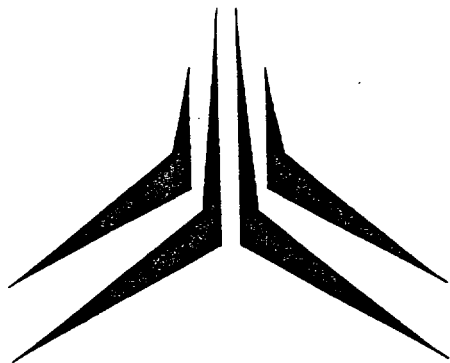
Included in this section are copies of the Wilmington International Airport Flight Schedule Reports for January 1997, April 1999 and April 2002.

Please note that in April 1999, US Airways, Delta – ASA, Midway Airlines and United Express served the airport. United Express discontinued service on April 1, 2000 due to low percentage of the total market share and Midway discontinued service on 9/12/02 due to financial difficulties.

During a 24-month period, Wilmington International Airport lost two airlines and 2 critical nonstop destinations, one to Washington, DC, a United Express Hub and one to Raleigh/Durham, a Midway Airlines Hub. The loss of these two airlines and hub destinations severely put limitations on the connection opportunities for the Wilmington Community as well as eliminating non-stop service into the North Carolina State Capital and the U.S. Capital.



Source: Wilmington International Airport



NEW HANOVER INTERNATIONAL AIRPORT

WILMINGTON, NORTH CAROLINA (ILM)

FLIGHT SCHEDULE

ARRIVAL	DEPART	AIRLINE	FLT #	TO	FROM	FREQ.
	6:00 AM	DL	7489	ATL		
	6:40 AM	US	1612	CLT, PIT		X 7
	7:17 AM	DL	7502	ATL		
	7:50 AM	US	1212	CLT, BUF		
	9:27 AM	DL	7500	ATL		
9:29 AM		US	1062		AVL, CLT	X 7
10:01 AM		DL	7495		ATL	
	10:25 AM	US	1543	CLT, MSP		
0	10:53 AM	DL	7496	ATL		
11:31 AM		US	443		BUF, LGA, CLT	
11:45 AM		DL	7503		ATL	
	12:05 AM	US	338	CLT, MCO		
	12:47 PM	DL	7504	ATL		
1:45 PM		DL	7511		ATL	
2:22 PM		US	933		AVL, CLT	
	2:34 PM	DL	7512	ATL		
	2:55 PM	US	792	CLT, EWR		
3:13 PM		DL	7505		ATL	
	4:23 PM	DL	7506	ATL		
5:06 PM		DL	7497		ATL	
5:56 PM		US	1685		PHL, CLT	
	6:21 PM	DL	7498	ATL		
	6:33 PM	US	1536	CLT, BWI		
7:09 PM		DL	7507		ATL	
	8:15 PM	DL	7508	ATL		X 6
8:52 PM		US	1219		MSP, CLT	
9:10 PM		DL	7488		ATL	
10:31 PM		US	884		RIC, CLT	X 6
10:32 PM		DL	7509		ATL	
12:37 AM		DL	7499		ATL	X 6

EFFECTIVE JANUARY 15, 1997

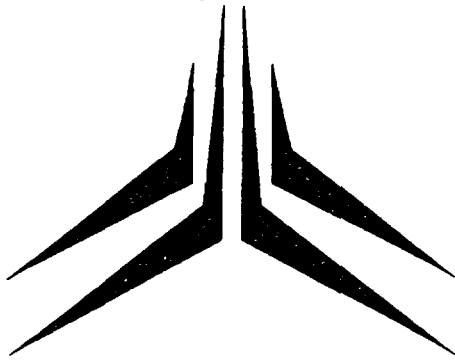
ABBREVIATIONS

US - USAIR/USAIR EXPRESS
DL - ASA "THE DELTA CONNECTION"
6 - SATURDAY
7 - SUNDAY

ATL - ATLANTA, GA
AVL - ASHEVILLE, NC
BUF - BUFFALO, NY
BWI - BALTIMORE WASHINGTON INTL, MD
CLT - CHARLOTTE, NC
EWR - NEW YORK NEWARK INTL, NJ
LGA - NEW YORK LAGUARDIA APT, NY
MCO - ORLANDO INTL APT, FL
MSP - MINNEAPOLIS, MN
PHL - PHILADELPHIA, PA
PIT - PITTSBURGH, PA
RIC - RICHMOND, VA

CONNECTIONS TO MOST CITIES/
DESTINATIONS ARE AVAILABLE ON THE
AIRLINES SERVING ILM. IN COMPILING
THIS SCHEDULE, THE AIRPORT HAS MADE
EVERY EFFORT TO PROVIDE UP-TO-DATE
INFORMATION. TRAVELERS SHOULD BE
AWARE THAT THE INFORMATION
CONTAINED HEREIN IS SUBJECT TO
CHANGE WITHOUT NOTICE AND CANNOT
BE GUARANTEED. FOR FURTHER
INFORMATION PLEASE CHECK WITH YOUR
TRAVEL AGENT OR THE AIRLINES AT THE
FOLLOWING NUMBERS:

US 1-800-428-4322
DL 1-800-282-3424
JI 1-800-446-4392



WILMINGTON INTERNATIONAL AIRPORT

WILMINGTON, NORTH CAROLINA (ILM)

FLIGHT SCHEDULE

ARRIVAL	DEPART	AIRLINE	FLT #	TO	FROM	FREQ.	EQUIP.
	5:30 AM	DL	* 4232	ATL			EM2
	6:00 AM	UA	7368	IAD			J41
	6:15 AM	JI	1502	RDU			J32
	6:33 AM	US	1851	CLT, MEM		X 7	F10
	7:05 AM	DL	** 4240	ATL			EM2
	7:50 AM	US	*** 525	CLT		X 6	F10
	8:55 AM	DL	** 4234	ATL			AT7
9:52 AM		UA	7369		IAD		J41
10:01 AM		US	437		BHM, CLT	X 6, 7	F10
10:07 AM		JI	1501		RDU		J32
	10:15 AM	UA	*** 7370	IAD			J41
10:22 AM		DL	* 4221		ATL		EM2
	10:35 AM	US	1543	CLT, MSP		X 7	F10
	10:48 AM	DL	** 4222	ATL			EM2
11:35 AM		US	*** 243		MDT, CLT		732
	12:05 PM	US	*** 1024	CLT			732
12:15 PM		DL	* 4223		ATL		EM2
	12:40 PM	DL	** 4224	ATL			EM2
1:10 PM		US	3234		CLT		D8H
	1:23 PM	JI	1506	RDU			J32
	1:25 PM	US	3234	CLT			D8H
2:03 PM		DL	* 4225		ATL		EM2
2:07 PM		UA	7371		IAD		J41
2:37 PM		US	1158		CLT		F10
	2:40 PM	DL	** 4226	ATL			EM2
	2:45 PM	UA	7372	IAD			J41
	3:10 PM	US	1161	CLT			F10
3:32 PM		DL	** 4227		ATL		EM2
3:47 PM		JI	1503		RDU		J32
	4:10 PM	JI	1504	RDU		X 6	J32
	4:18 PM	DL	** 4228	ATL			EM2
4:35 PM		US	3345		CLT		D8H
	5:00 PM	US	3345	CLT			D8H
5:42 PM		DL	4769		ATL		CRJ
6:17 PM		JI	1507		RDU	X 6	J32
6:20 PM		US	*** 486		CLT		F10
	6:27 PM	DL	4770	ATL			CRJ
	6:35 PM	JI	1508	RDU			J32
6:46 PM		UA	7373		IAD		J41
	6:50 PM	US	250	CLT		X 6	F10
	7:15 PM	UA	7374	IAD		-	J41
7:44 PM		DL	** 4229		ATL	X 6	EM2
	8:30 PM	DL	** 4230	ATL		X 6	EM2
8:47 PM		JI	1509		RDU		J32
9:45 PM		US	*** 1297		CLT	X 6	F10
9:50 PM		DL	* 4231		ATL		EM2
11:03 PM		US	*** 1492		BNA, CLT	X 6	F10
11:32 PM		UA	7375		IAD		J41
11:50 PM		DL	** 4233		ATL		AT7
1:08 AM		DL	* 4235		ATL	X 6	EM2

EFFECTIVE APRIL 19, 1999

ABBREVIATIONS

US - U S AIRWAYS
DL - ASA "THE DELTA CONNECTION"
JI - MIDWAY CORPORATE AIRLINES
UA - UNITED EXPRESS
X - EXCEPT
6 - SATURDAY
7 - SUNDAY

ATL - ATLANTA, GA
BHM - BIRMINGHAM, AL
BNA - NASHVILLE, TN
CLT - CHARLOTTE, NC
IAD - WASHINGTON DULLES INTL, DC
ILM - WILMINGTON, NC
MDT - HARRISBURG, PA
MEM - MEMPHIS, TN
MSP - MINNEAPOLIS/ST. PAUL, MN
RDU - RALEIGH/DURHAM, NC

CONNECTIONS TO MOST CITIES/
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US 1-800-428-4322

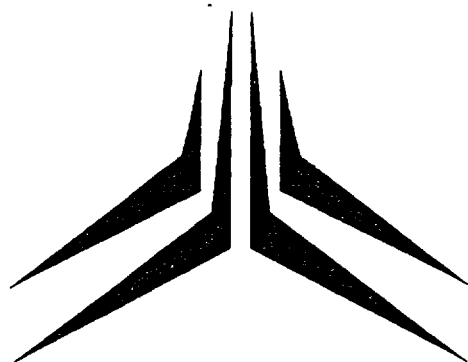
DL 1-800-282-3424

JI 1-800-446-4392

UA 1-800-241-6522

	WKDAY	SAT.	SUN.
	ARV/DEP	ARV/DEP	ARV/DEP
US	8 / 8	5 / 6	7 / 6
DL	9 / 9	8 / 8	9 / 9
UA	4 / 4	4 / 4	4 / 4
JI	4 / 4	3 / 3	4 / 4
TTL	25 / 25	20 / 21	24 / 23

- * FLIGHT NUMBER CHANGE
- ** FLIGHT NUMBER AND TIME CHANGE
- *** TIME CHANGE



WILMINGTON INTERNATIONAL AIRPORT

WILMINGTON, NORTH CAROLINA (ILM)

FLIGHT SCHEDULE

ARRIVAL	DEPART	AIRLINE	FLT #	TO	FROM	FREQ.	EQUIP.
	5:10 AM	DL	4232	ATL			EM2
	6:15 AM	DL	4240	ATL			EM2
	6:20 AM	US	898	CLT, BNA			733
	7:40 AM	DL	4234	ATL		6, 7	AT7
	7:40 AM	DL	4234	ATL		1,2,3,4,5	EM2
	7:45 AM	US	753	CLT, BUF			737-3
8:12 AM		DL	4026	ATL			EM2
	8:55 AM	DL	4027	ATL			EM2
9:55 AM		US	204		BHM, CLT		737-3
	10:30 AM	US	571	CLT			737-3
10:50 AM		DL	4223		ATL		EM2
11:52 AM		US	527		PIT, CLT		737-3
	12:10 PM	DL	4224	ATL			EM2
	12:40 PM	US	2358	CLT, BHM			737-3
1:15 PM		US	3234		CLT		DH-8
	1:45 PM	US	3234	CLT			DH-8
1:53 PM		DL	4253		ATL		EM2
2:29 PM		US	1271		DTW, CLT		737-3
	3:10 PM	US	449	CLT			737-3
	3:15 PM	DL	4254	ATL			EM2
4:30 PM		US	3345		CLT		DH-3
4:34 PM		DL	4227		ATL		EM2
	5:00 PM	US	3345	CLT			DH-3
	5:05 PM	DL	4228	ATL			EM2
5:44 PM		US	1072		CLT		737-3
	6:20 PM	US	932	CLT			737-3
7:07 PM		DL	4769		ATL		CRJ
	7:45 PM	DL	4770	ATL			CRJ
7:55 PM		US	3422		CLT	X 6	DH-8
	8:30 PM	US	3422	CLT		X 6	DH-8
9:10 PM		DL	4229		ATL		EM2
9:46 PM		US	868		CLT		737-3
10:49 PM		DL	4231		ATL		EM2
11:23 PM		US	847		PNS, CLT	X 6	737-3
12:01 AM		DL	4233		ATL	5, 6	AT7

EFFECTIVE APRIL 1, 2002

ABBREVIATIONS

US - US AIRWAYS
DL - ASA "THE DELTA CONNECTION"

X - EXCEPT
1 - MONDAY
2 - TUESDAY
3 - WEDNESDAY
4 - THURSDAY
5 - FRIDAY
6 - SATURDAY
7 - SUNDAY

ATL - ATLANTA, GA
BHM - BIRMINGHAM, AL
BNA - NASHVILLE, TN
BUF - BUFFALO, NY
CLT - CHARLOTTE, NC
CMH - COLUMBUS, OH
DTW - DETROIT, MI
ILM - WILMINGTON, NC
IND - INDIANAPOLIS, IN
MCI - KANSAS CITY INT'L, MO
MEM - MEMPHIS, TN
ORD - CHICAGO O'HARE INT'L, IL
PIT - PITTSBURGH, PA
PNS - PENSACOLA, FL
PVD - PROVIDENCE, RI

CONNECTIONS TO MOST CITIES/DESTINATIONS ARE AVAILABLE ON THE AIRLINES SERVICING ILM.
IN COMPILING THIS SCHEDULE THE AIRPORT HAS MADE EVERY EFFORT TO PROVIDE UP-TO-DATE
INFORMATION. TRAVELERS SHOULD BE AWARE THAT THE INFORMATION CONTAINED HEREIN
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NUMBERS:

US AIRWAYS 1-800-428-4322
ASA-"The Delta Connection" 1-800-282-3424

**Note: Loss of Midway Airlines
And United Express**

MON-FRI	SAT	SUN
ARV/DEP	ARV/DEP	ARV/DEP
US 9 / 9	7 / 7	9 / 9
DL 8 / 8	8 / 8	8 / 8
TTL 17 / 17	15 / 15	17 / 17

DAILY SEATING CAPACITY

US 877 / 877	702 / 702	877 / 877
DL 260 / 260	296 / 296	260 / 296
TTL 1137 / 1137	998 / 998	1137 / 1173

FRI ARV - DL - 296 = TTL ARRIVAL OF 1128

WILMINGTON INTERNATIONAL AIRPORT FARE COMPARISONS

ILM Top Destinations

Air Fares via Delta Airlines

	From ILM	From MYR	From RDU
New York (LGA)	947	718	284
New York (EWR)	857	385	301
Washington (IAD)	635	355	483
Washington (DCA)	635	385	484
Washington (BWI)	393	233	178
Atlanta (ATL)	799	186	256
Chicago (ORD)	1332	737	646
Boston (BOS)	803	641	294
Philadelphia (PHL)	935	379	604
Charlotte (CLT)	1572	756	1029
Orlando (MCO)	295	441	232
Ft. Lauderdale (FLL)	418	511	290
Los Angeles (LAX)	1003	2157	663

Above information was obtained from Travelocity on April 9, 2002. Business class walk-up fare, no restrictions, no Saturday night stay required and fully refundable. Itinerary based on a morning departure on April 15, 2002 and an afternoon return on April 16, 2002.

ILM Top Destinations

Air Fares via US Airways

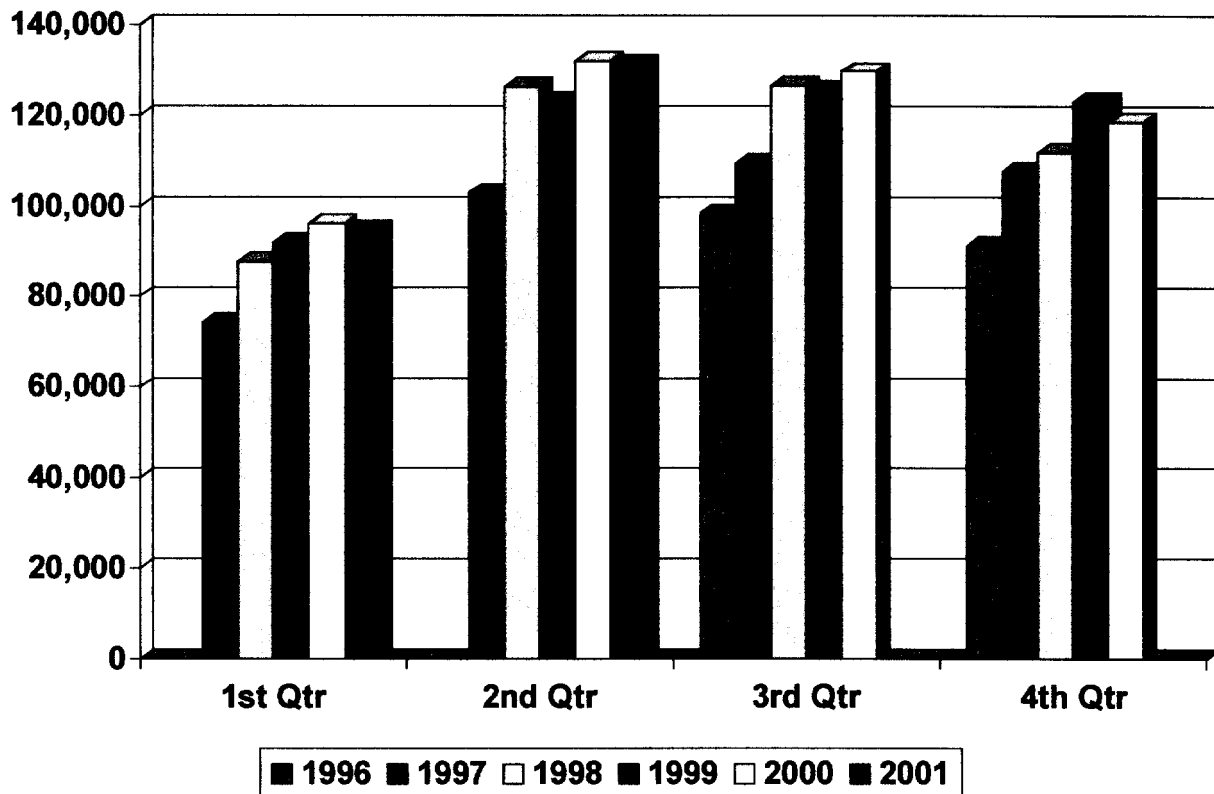
	<u>From ILM</u>	<u>From MYR</u>	<u>From RDU</u>
New York (LGA)	938	248	284
New York (EWR)	738	339	289
Washington (IAD)	666	267	711
Washington (DCA)	666	365	220
Washington (BWI)	776	226	158
Atlanta (ATL)	807	217	264
Chicago (ORD)	1323	345	1260
Boston (BOS)	751	446	298
Philadelphia (PHL)	926	371	751
Charlotte (CLT)	672	686	539
Orlando (MCO)	309	498	303
Ft. Lauderdale (FLL)	498	568	289
Los Angeles (LAX)	994	2150	657

Above information was obtained from Travelocity on April 9, 2002. Business class walk-up fare, no restrictions, no Saturday night stay required and fully refundable. Itinerary based on a morning departure on April 15, 2002 and an afternoon return on April 16, 2002.

WILMINGTON INTERNATIONAL AIRPORT

WILMINGTON PASSENGERS BY QUARTER

Third Quarter 1996 through Second Quarter 2001



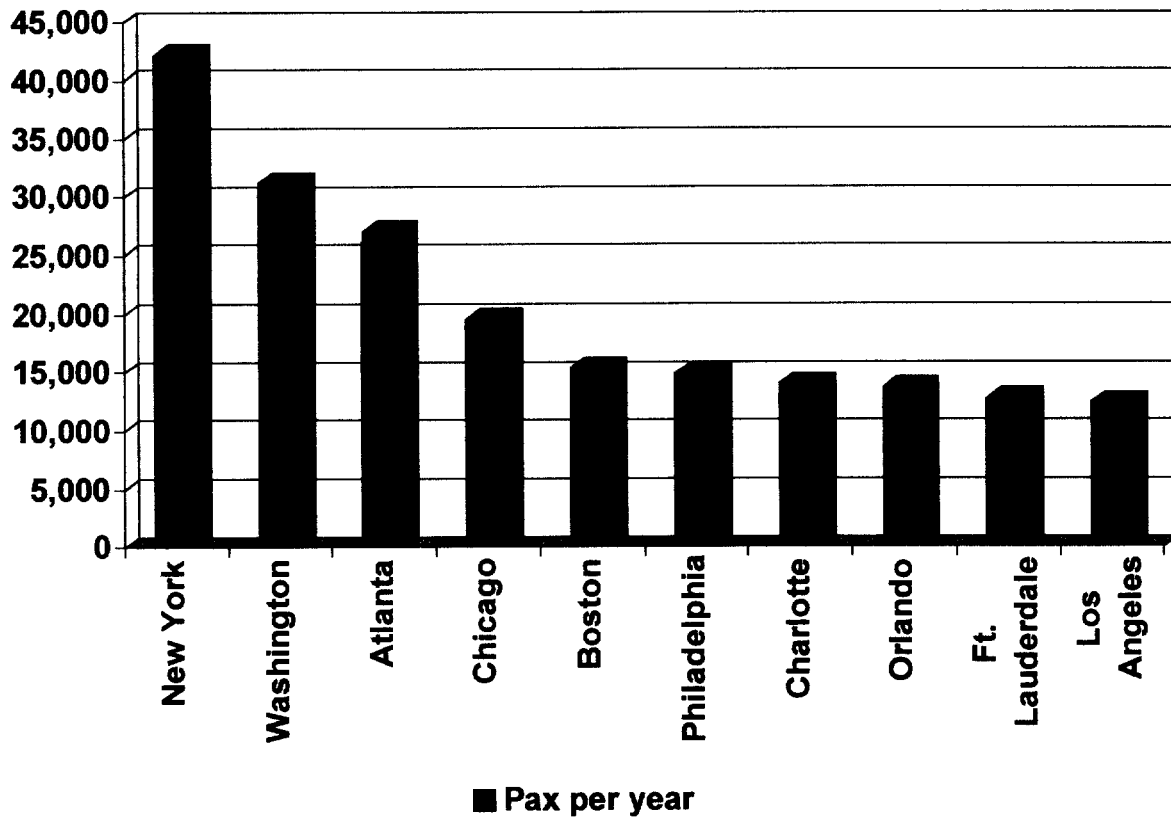
Source: Data Base Products, Inc.

WILMINGTON INTERNATIONAL
TOP DESTINATIONS

Four Quarters Ending June 30, 2001

New York – LGA, EWR, JFK
Washington – IAD, DCA, BWI
Chicago – ORD, MDW

Atlanta and Charlotte are the
Non-stop destinations from ILM



Source: Data Base Products, Inc.

Wilmington is Historically

A High Yield and High Fare Market

All Markets

YEAR	YIELD
1996	20.42
1997	20.23
1998	18.35
1999	18.62
2000	19.31
2001 (1st & 2nd Qtr)	19.36

Wilmington is historically a high yield and a high fare market. Due to the proximity of the Myrtle Beach International and Raleigh/Durham International Airports, ILM loses approximately 35% of potential passenger base to diversion drive traffic to capture the lower fares offered by low fare airlines and those fares matched by US Airways and Delta Airlines in these two airports.

Source: Data Base Products, Inc.

WILMINGTON COMMUNITY

AIR SERVICE NEEDS

The Wilmington MSA is a growing community and has today become a regional leader in commerce and industry. Home to a diverse economy, New Hanover and Pender counties contain a variety of industry.

From fiber optics and aircraft engines to pharmaceutical testing and plastics, the mega movie industry and tourism industry combine to create a large base of users and potential users of Wilmington International Airport.

The International Port of Wilmington, Wilmington International Airport, the University of North Carolina at Wilmington, and Cape Fear Community College combine to create a proactive business climate. This along with a strong work force, a responsive public education system, and an abundance of industrial sites make Greater Wilmington a prime business location.

Population for 2000 *based on 2000 Census Results

	Population (2000)	Population (1990)	Population change 1990- 2000
City of Wilmington (MSA)	233,450	171,269	36.3%
New Hanover County	160,307	120,284	33.3%
Pender County	41,082	28,855	42.4%
Brunswick County	73,143	50,985	43.5%

Approximately 70 percent of the travelers using Wilmington International (ILM) are traveling on business and are vocal about the air service deficiencies. It is estimated from local travel agency information that approximately 35% of potential travelers utilize the Raleigh/Durham and Myrtle Beach International Airports instead of ILM due to lower fares and a wider selection of non-stop destinations.

DOMESTIC AIR SERVICE DEVELOPMENT

The overall competitive situation between North American airports continue to grow with the reduction of air service opportunities. Airports across the nation are actively and strategically pursuing airlines. Airlines consider the bottom line profitability, which includes the overall cost of doing business. But often the cooperative marketing programs and airport programs that are designed to assist in making routes successful are an important discussion item when airlines are making decisions on new or expanded service. The Wilmington International Airport (ILM) must remain competitive and targeted.

The following objectives and strategies identify those areas where the marketing efforts need to be expanded through the Small Community Air Service Development Pilot Program Funding to retain a competitive edge in today's evolving marketplace.

OBJECTIVES

Protect and enhance existing service to ILM, both in the form of new routes and increased seats either by larger aircraft or additional flights.

Encourage airlines to provide competitive pricing in order to attract and retain customers at ILM, minimizing diversion of passengers to other airports.

Monitor airlines presently not serving ILM to see where potential opportunities may exist.

STRATEGIES

1. Persuade air carriers presently serving ILM to maintain or enhance their service levels.

- a. Identify the city pairs where there is a deficiency of service compared to the demand.

Delta Airlines

Delta Airlines

US Airways

Comair – Cincinnati

Comair – New York Service

Washington National

- b. Work in conjunction with the local airline station manager and sales staff to enhance the airport statistical data and develop a historical baseline..
- c. Schedule informational meetings with airlines where traffic potential suggests a need for increased flights or a change of aircraft size to handle passengers more efficiently.

2. Provide prospective air carriers with the quantitative and qualitative information they need in order to make informed decisions about ILM service.

- a. Staff and consultants to consistently monitor marketing trends, changes in fleet composition and other factors that could influence the opportunities for ILM.
- b. Staff plus marketing and air service consultants to prepare presentations that will include demographic information, tourism information, current ILM air service levels and prospective route analysis.
- c. Specific markets:

American Eagle	New York and Chicago
Corporate Airlines	Raleigh/Durham
United Express	Washington/Dulles and Chicago
Air Tran	Atlanta
Continental Airlines	Newark and Cleveland

3. Identify and execute plans to encourage airlines to add new service to cities where service deficiencies exist.

- a. Identify those cities that exhibit non-stop or direct service potential based on volume of passenger traffic and forecast methodology.
- b. Conduct market research to determine the feasibility of an airline to provide profitable new services for ILM.
- c. Schedule informational meetings with airlines where opportunities for profitable service via ILM exist.

4. Work with tourism and travel industry representatives to increase the exposure of ILM's air service accessibility in the domestic market.

- a. Investigate opportunities with incumbent airlines to encourage additional vacation packaging programs for the region.
- b. Develop opportunities with Wilmington Convention and Visitor's Bureau to target National Meeting Associations for small to mid size groups.
- c. Investigate the opportunities to capitalize on the golf industry with vacation packaging encouraging travelers to *Fly • Stay • Play* at one of the 150 year round golf courses within the region.

5. Develop a participatory air service program with the business community to support air service development objectives.

- a. Design a semi-annual or annual seminar hosted by the airport for regional business leaders with the objective of providing airline industry updates, airport facility updates and opportunities for partnering to increase air service opportunities.
- b. Develop a speaker's bureau to educate the general public regarding the nuances of air service development.
- c. Mail quarterly updates to the business community reporting on airport/aviation issues.
- d. Create program to obtain business community collateral materials for mailing to airline planning and marketing staff.

6. Conduct ongoing market research.

- a. Identify areas where ILM needs additional research to further identify passenger trends and supply data to airline scheduling planning departments regarding resident and visitor demographic characteristics.
 - 1. Parking lot survey
 - 2. Intercept survey
 - 3. Ticket Lift Survey
- b. Utilize market research data to develop air service development action items.
- c. Utilize local university student pool to assist with data collection activities.

PROMOTION AND ADVERTISING PROGRAM

In the highly competitive aviation industry, it is obvious that customers have choices. They shop for the best service, convenience, reasonable fares and plus they want to save time. It is the airport's role to educate the traveling community and the airlines about the amenities available at ILM. Convenience, accessibility; low cost parking only a few yards from the terminal; a safe environment; friendly hometown staff, comfortable setting with rocking chairs and convenient business services are some of the things that should be highly promoted.

OBJECTIVES

Support business and air service (passenger & cargo) development programs.

Improve awareness of ILM generally and to target groups.

Establish contact with potential airline prospects.

Generate interest and response from prospective and incumbent airlines.

STRATEGIES

1. Develop a general on-going airport advertising and promotion program for the airport.

- a. Create an on-going strategic advertising and promotional campaign with specific goals, objectives and measurements.

2. Develop additional advertising and promotion programs specific to the needs of individual marketing programs.

- a. Coordinate in conjunction with the Wilmington Convention & Visitors Bureau, a simple and timely informational sheet for stranded travelers in unique situation.
- b. Develop community awareness campaign by utilizing billboards, web page, radio and television.
- c. Speakers Bureau
- d. National Tourism Week – May 2003
 1. Travel Agency Event
 2. Airline Managers Luncheon
 3. Passenger Appreciation Day

3. Continue to provide comprehensive statistical reports about ILM.

- a. Send monthly or quarterly reports to mailing list (data base) and attach survey to recipients to evaluate the information given, how it is used and if additional information is needed.
- b. Air Fare Watch
- c. Monthly Passenger Report

4. Develop and maintain travel agency program

- a. Plan and execute Breakfast meeting for agents at airport
- b. Develop a fax newsletter and utilize web page to keep agents informed of airport issues such as renovation updates and pertinent news worthy items
- c. Co-sponsor agency events where visibility warrants
- d. Develop and maintain agency visit program

5. Develop and produce airport collateral materials.

6. Develop and maintain relationships to create visibility for airport programs.

7. Create in-house presentation materials for airlines, economic development groups and for speaking engagements.

- a. Research information and prepare individual pieces for combining into a presentation and have available at all times for easy assembly for quality product.

**WILMINGTON INTERNATIONAL AIRPORT
OPERATING BUDGET**

Adopted 6/20/01

GENERAL ACCOUNT	SUB	NAME	TOTAL FY 2002 BUDGET
*****	****	*****	*****
5201		SALARIES & WAGES	
		1 SALARIES & WAGES	1,440,163
		17 RETIREMENT	85,384
		19 LONG TERM DISABILITY	5,300
		21 MEDICAL INSURANCE	238,662
		23 DENTAL INSURANCE	30,200
		24 LEO SUPPLEMENT	25,042
		25 EMPLOYER FICA	108,423
		26 UNEMPLOYMENT	4,000
		27 PENSION COST	0
		28 EMPLOYEE BENEFITS MISC.	18,999
		29 401K	46,440
		BUDGET TOTAL	2,002,613
5202		M & R BUILDING & GROUNDS	
		1 MISC. BUILDING & GROUNDS	50,000
		2 AIRFIELD PAVEMENT MAINT.	6,000
		3 ROADWAY PAVEMENT MAINT.	3,500
		4 FENCING & GATES	3,500
		5 SIGNAGE	4,000
		6 LANDSCAPING	5,000
		7 OBSTRUCTION REMOVAL	4,000
		8 AIRFIELD LIGHTING/ELECTRICAL	5,000
		9 LANDSIDE	14,000
		10 AIRPORT DRAINAGE	3,000
		11 PHONE SYSTEM REPAIRS	1,000
		12 PA SYSTEM REPAIRS	1,500
		13 ACCESS CONTROL SYS REPAIRS	15,000
		14 CC TV SYSTEM REPAIRS	1,500
		15 AUTO DOOR REPAIRS	6,000
		16 MECHANICAL SYS REPAIRS	7,000
		19 BAGGAGE CONVEYOR REPAIRS	5,000
		20 FIDS REPAIR	3,800
		BUDGET TOTAL	138,800
5203		M & R EQUIP AUTOS & TRUCKS	
		1 MISC REPAIR AUTO & TRUCKS	500
		2 ADMIN & MAINT VEHICLES	7,500
		4 MAINT DEPT MOTORIZED EQUIP	16,500
		5 MAINT DEPT SHOP EQ/TOOLS	5,000
		6 VEHICLES - ARFF	9,000
		8 PSO DEPT SPECIAL EQ/TOOLS	1,000
		10 RADIO REPAIRS	1,500
		BUDGET TOTAL	41,000

**WILMINGTON INTERNATIONAL AIRPORT
OPERATING BUDGET**

Adopted 6/20/01

GENERAL ACCOUNT	SUB	NAME	TOTAL FY 2002 BUDGET
*****	****	*****	*****
5206		RENTS - LEASES	
		1 MISCELLANEOUS	400
		2 MAINT SHOP - SPEC TOOLS/EQUIP	950
		3 SAFETY KLEEN	1,000
		4 OUTSIDE HI-LIFT	2,000
		BUDGET TOTAL	4,350
5207		EDUC, MEETINGS & SCHOOL	
		1 GENERAL	29,000
		2 CONF, SEMINARS & MEETING	15,000
		3 MAINT TRAIN	5,000
		4 PSO TRAINING	3,500
		5 DRILL EXPENSES/PIT FIRE	7,000
		6 GROWTH & DEVELOP	25,000
		7 RSVP	5,500
		BUDGET TOTAL	90,000
5209		TAXES OTHER	
		1 SALES TAX	30,000
		2 OTHER	1,000
		BUDGET TOTAL	31,000
5210		PROFESSIONAL SERVICES	
		1 MISCELLANEOUS	30,000
		3 AUDIT FEES	19,500
		4 LEGAL FEES	14,000
		6 BANK CHARGES	500
		7 ENGINEERING/TESTING	3,000
		BUDGET TOTAL	67,000
5211		DEPARTMENTAL SUPPLIES/EQUIPMENT	
		1 MISCELLANEOUS	1,000
		2 CUSTODIAL	19,000
		3 MAINTENANCE SHOP	8,000
		4 OFFICE	16,000
		5 PSO	2,500
		6 VEGETATION CONTROL	4,000
		7 OSHA STATUTORY EQUIPMENT	1,500
		8 BATTERIES	1,000
		BUDGET TOTAL	53,000
5213		POSTAGE & FREIGHT	
		1 POSTAGE/SHIPPING	2,000
		BUDGET TOTAL	2,000

**WILMINGTON INTERNATIONAL AIRPORT
OPERATING BUDGET**

Adopted 6/20/01

GENERAL ACCOUNT	SUB	NAME	TOTAL FY 2002 BUDGET
*****	****	*****	*****
5214		UTILITIES	
	1	ELECTRICITY	205,000
	2	WATER & SEWER	34,000
	3	GAS	26,000
	5	FUEL OIL - GENERATOR	2,000
	6	TELEPHONE	11,000
	7	PROPANE	15,000
	8	LONG DISTANCE	4,000
		BUDGET TOTAL	297,000
5218		DUES & SUBSCRIPTIONS	
	1	MISCELLANEOUS	500
	2	PROFES ASSOC & MEMBERSHIP	4,500
	3	PROFESSIONAL/TECH PUBLICATION	2,500
		BUDGET TOTAL	7,500
5219		ADVERTISING/MARKETING	
	1	ADVERTISING/MARKETING	100,000
		BUDGET TOTAL	100,000
5226		EMERGENCY OPERATIONS	
	1	CONTRACTED SERVICES	0
	2	MATERIALS & SUPPLIES	0
		BUDGET TOTAL	0
5227		VEHICLE OPERATION	
	1	MISCELLANEOUS	1,000
	2	AIRPORT (GAS, OIL)	11,000
	3	AIRPORT VEHICLE DIESEL	6,500
		BUDGET TOTAL	18,500
5231		CONTRACTED SERVICES	
	1	MISCELLANEOUS	2,500
	2	PAGERS	3,000
	3	POSTAGE METER	1,200
	4	FAX MAINTENANCE	400
	6	MOBILE PHONES	3,000
	7	VISUAL/AUDIO SERVICES	1,500
	8	TRASH REMOVAL	9,000
	9	INTERNATIONAL TRASH	4,800
	10	PIN SYSTEM	2,500
	11	COPY MACHINE MAINTENANCE	2,500

**WILMINGTON INTERNATIONAL AIRPORT
OPERATING BUDGET**

Adopted 6/20/01

GENERAL ACCOUNT *****	SUB ****	NAME *****	TOTAL FY 2002 BUDGET *****
		13 EMPLOYEE SCREEN PHYSICALS	3,000
		14 PEST CONTROL	2,100
		16 ALARM SYSTEM	5,500
		17 FID SYSTEM	1,200
		18 INTERIOR LANDSCAPING	3,100
		19 ELEVATOR MAINTENANCE	7,000
		20 HVAC FILTER SERVICE	2,500
		21 COMPUTER SERVICE	7,000
		22 TELEPHONE SYSTEM	2,000
		23 EMPLOYEE ASSIST PROGRAM	500
		24 HVAC	8,300
		25 BOILER MAINTENANCE	1,500
		26 WILDLIFE MANAGEMENT	1,000
		27 TEMPORARY HELP	58,000
		28 GLOBE SKYCAP SERVICES	1,000
		29 RECRUITMENT EXPENSE	2,000
		BUDGET TOTAL	136,100
5233		COPYING - DUPLICATING	
		1 MISCELLANEOUS	300
		2 OUTSIDE COPYING/PRINTING	1,500
		4 PHOTO	500
		BUDGET TOTAL	2,300
5235		INSURANCE - BONDS	
		1 AIRPORT LIABILITY	37,000
		2 PUBLIC EMPLOYEE LIABILITY	12,500
		3 WORKER'S COMPENSATION	21,000
		4 BOILER & MACHINERY	3,000
		5 AUTOS & TRUCKS	20,000
		6 BUILDINGS & EQUIPMENT	37,000
		7 PUBLIC OFFICIALS BOND	350
		8 CRIME POLICY	750
		10 EMPLOYEE BENEFITS LIABILITY	250
		BUDGET TOTAL	131,850

**WILMINGTON INTERNATIONAL AIRPORT
OPERATING BUDGET**

Adopted 6/20/01

GENERAL ACCOUNT	SUB	NAME	TOTAL FY 2002 BUDGET
*****	****	*****	*****
5237		UNIFORMS	
		1 PSO - CLEANING	2,200
		2 MAINT DEPT (RENTAL)	6,400
		3 MAINT DEPT (PURCHASE)	1,000
		4 FIREFIGHTING GEAR	2,500
		5 PSO UNIFORMS	2,500
		6 SHOE ALLOWANCE	1,500
		BUDGET TOTAL	16,100
5238		ECONOMIC DEVELOPMENT	
		1 ECONOMIC DEVELOPMENT	75,000
			75,000
5400		MAINT, DEV & REPAIR RESERVE	
		1 PROVISION MAINT., DEV & REPAIR	100,000
		BUDGET TOTAL	100,000
TOTAL OPERATING EXPENSE			3,314,113
TOTAL OPERATING REVENUE			3,135,164
ILM RESERVE CONTRIBUTION-OPERATING			178.949

NEW HANOVER COUNTY AIRPORT AUTHORITY

Schedule of Revenues, Expenses/Expenditures and Other Financing Sources - Budget and Actual Year Ended June 30, 2000

	Actual		Modified		Variance
	Accrual	Adjustments	Accrual (Budgetary Basis)	Budget	Favorable (Unfavorable)
	Basis				
Operating revenues					
Aviation revenue	\$ 360,092	\$ -	\$ 360,092	\$ 341,000	\$ 19,092
Commissions	1,622,386	-	1,622,386	1,447,500	174,886
Rent	956,815	-	956,815	896,011	60,804
Security	66,691	-	66,691	66,500	191
Miscellaneous revenue	29,093	-	29,093	31,200	(2,107)
Sales tax	-	-	-	30,000	(30,000)
Total operating revenues	3,035,077	-	3,035,077	2,812,211	222,866
Operating expenses/expenditures					
Cost of sales and services	2,727,610	-	2,727,610	2,963,687	236,077
Depreciation	1,236,070	(1,236,070)	-	-	-
Capital outlay	-	3,265,104	3,265,104	4,106,710	841,606
Total operating expenses/expenditures	3,963,680	2,029,034	5,992,714	7,070,397	1,077,683
Nonoperating revenues					
Interest revenue	167,362	-	167,362	100,000	67,362
Federal grants	25,551	2,502,531	2,528,082	2,940,538	(412,456)
State of North Carolina grants	19,203	241,324	260,527	195,101	65,426
Storm damage claims	157,821	-	157,821	-	157,821
PFC revenue	705,374	-	705,374	679,050	26,324
Appropriated fund balance	-	-	-	343,497	(343,497)
Total nonoperating revenues	1,075,311	2,743,855	3,819,166	4,258,186	(439,020)
Revenues over expenses/expenditures	\$ 146,708	\$ 714,821	861,529	\$ -	\$ 861,529
Fund balance - beginning of year			3,077,459		
Fund balance - end of year			\$ 3,938,988		

NEW HANOVER COUNTY AIRPORT AUTHORITY

Expenditures - Budget and Actual (Modified Accrual Budgetary Basis) Year Ended June 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Cost of sales and services			
Advertising	\$ 110,000	\$ 62,226	\$ 47,774
Auto expense	16,500	13,592	2,908
Contracted services	159,700	140,307	19,393
Dues and subscriptions	12,000	8,253	3,747
Emergency operations	10,000	7,291	2,709
Insurance and bonds	151,947	134,640	17,307
Lease payments	6,400	2,829	3,571
Maintenance			
Vehicle	47,500	33,948	13,552
Building and grounds	24,400	125,441	(101,041)
Payroll costs	1,754,240	1,680,409	73,831
Postage	5,000	4,284	716
Printing	1,800	188	1,612
Professional services	45,800	46,962	(1,162)
Provision for maintenance, development and repairs	100,000	-	100,000
Supplies	90,000	79,295	10,705
Taxes	1,000	1,080	(80)
Travel	90,200	77,357	12,843
Uniforms	22,200	24,060	(1,860)
Utilities	315,000	285,448	29,552
Total cost of sales and services	2,963,687	2,727,610	236,077
Capital outlay	4,106,710	3,265,104	841,606
Total expenditures	<u>\$ 7,070,397</u>	<u>\$ 5,992,714</u>	<u>\$ 1,077,683</u>

NEW HANOVER COUNTY AIRPORT AUTHORITY

Balance Sheets June 30, 2000 and 1999

Assets

	<u>2000</u>	<u>1999</u>
Current assets		
Cash and cash equivalents	\$ 3,291,421	\$ 2,738,472
Accounts receivable		
Trade	387,662	309,840
Capital grants	558,147	130,714
Other	70,731	23,361
Total accounts receivable	<u>1,016,540</u>	<u>463,915</u>
Prepaid expenses	<u>39,513</u>	<u>67,946</u>
Total current assets	<u>4,347,474</u>	<u>3,270,333</u>
Restricted assets		
Cash - passenger facility charges	163,707	247,067
Other receivable - passenger facility charges	<u>69,677</u>	<u>67,144</u>
Total restricted assets	<u>233,384</u>	<u>314,211</u>
Property and equipment		
Land	2,937,827	2,856,693
Airfield improvements	10,864,892	9,007,698
Airfield building	3,889,392	3,055,117
Building improvements	304,174	265,421
Vehicles	621,552	621,552
Machinery and equipment	1,565,149	1,234,079
Construction in progress	335,786	213,108
	<u>20,518,772</u>	<u>17,253,668</u>
Less accumulated depreciation	<u>6,937,739</u>	<u>5,701,669</u>
Net property and equipment	<u>13,581,033</u>	<u>11,551,999</u>
	<u><u>\$ 18,161,891</u></u>	<u><u>\$ 15,136,543</u></u>

NEW HANOVER COUNTY AIRPORT AUTHORITY

Balance Sheets June 30, 2000 and 1999

Liabilities and Fund Equity

	<u>2000</u>	<u>1999</u>
Current liabilities		
Accounts payable		
Trade	\$ 130,593	\$ 95,857
Construction, retainages and land acquisition costs	374,864	156,010
Total accounts payable	<u>505,457</u>	<u>251,867</u>
Accrued expenses	152,176	136,479
Taxes payable	4,378	3,893
Deferred revenue	-	134,987
Total current liabilities	<u>662,011</u>	<u>527,226</u>
Fund equity		
Contributed capital		
Federal Aviation Administration	8,607,450	7,086,578
State of North Carolina	596,480	418,793
New Hanover County	494,521	522,548
Total contributed capital	<u>9,698,451</u>	<u>8,027,919</u>
Retained earnings		
Unreserved	6,899,415	5,693,861
Reserved for maintenance, development and repairs	668,630	573,326
Reserved for passenger facility charges projects	233,384	314,211
Total retained earnings	<u>7,801,429</u>	<u>6,581,398</u>
Total fund equity	<u>17,499,880</u>	<u>14,609,317</u>
	<u>\$ 18,161,891</u>	<u>\$ 15,136,543</u>

NEW HANOVER COUNTY AIRPORT AUTHORITY

Schedule of Revenues, Expenses/Expenditures and Other Financing Sources - Budget and Actual Year Ended June 30, 2001

	Actual		Modified		Variance
	Accrual		Accrual		Favorable
	Basis	Adjustments	(Budgetary	Budget	(Unfavorable)
			Basis)		
Operating revenues					
Aviation revenue	\$ 391,393	\$ -	\$ 391,393	\$ 307,600	\$ 83,793
Commissions	1,561,269	-	1,561,269	1,547,080	14,189
Rent	984,048	-	984,048	980,278	3,770
Security	66,498	-	66,498	66,500	(2)
Miscellaneous revenue	41,631	-	41,631	18,200	23,431
Sales tax	-	-	-	30,000	(30,000)
Total operating revenues	3,044,839	-	3,044,839	2,949,658	95,181
Operating expenses/expenditures					
Cost of sales and services	2,867,986	-	2,867,986	3,129,668	261,682
Depreciation	1,513,129	(1,513,129)	-	-	-
Capital outlay	-	1,145,119	1,145,119	10,388,216	9,243,097
Total operating expenses/expenditures	4,381,115	(368,010)	4,013,105	13,517,884	9,504,779
Nonoperating revenues					
Interest revenue	197,263	-	197,263	139,000	58,263
PFC revenue	705,652	-	705,652	-	705,652
Appropriated fund balance	-	-	-	968,575	(968,575)
Total nonoperating revenues	902,915	-	902,915	1,107,575	(204,660)
Capital contributions					
Federal grants	619,538	-	619,538	8,803,450	(8,183,912)
State grants	267,858	-	267,858	657,201	(389,343)
Total capital contributions	887,396	-	887,396	9,460,651	(8,573,255)
Revenues over expenses/expenditures	\$ 454,035	\$ 368,010	822,045	\$ -	\$ 822,045
Fund balance - beginning of year			3,938,988		
Fund balance - end of year			\$ 4,761,033		

NEW HANOVER COUNTY AIRPORT AUTHORITY

Expenditures - Budget and Actual (Modified Accrual Budgetary Basis) Year Ended June 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Cost of sales and services			
Advertising and marketing	\$ 100,000	\$ 156,663	\$ (56,663)
Contracted services	133,000	151,189	(18,189)
Dues and subscriptions	7,800	6,204	1,596
Economic development	30,000	44,360	(14,360)
Emergency operations	1,000	-	1,000
Insurance and bonds	141,847	115,740	26,107
Lease payments	4,150	3,885	265
Maintenance			
Vehicle	45,000	26,050	18,950
Building and grounds	144,300	131,909	12,391
Payroll costs	1,948,571	1,736,308	212,263
Postage	5,000	1,858	3,142
Printing	800	1,607	(807)
Professional services	30,200	28,194	2,006
Provision for maintenance, development and repairs	100,000	-	100,000
Supplies	61,000	64,708	(3,708)
Taxes	1,000	560	440
Travel	50,500	79,645	(29,145)
Uniforms	19,500	25,862	(6,362)
Utilities	290,500	273,111	17,389
Vehicle operation	15,500	20,133	(4,633)
Total cost of sales and services	3,129,668	2,867,986	261,682
Capital outlay	10,388,216	1,145,119	9,243,097
Total expenditures	<u>\$ 13,517,884</u>	<u>\$ 4,013,105</u>	<u>\$ 9,504,779</u>

NEW HANOVER COUNTY AIRPORT AUTHORITY

Balance Sheets June 30, 2001 and 2000

Assets

	<u>2001</u>	<u>2000</u>
Current assets		
Cash and cash equivalents	\$ 3,745,485	\$ 3,291,421
Accounts receivable		
Trade	378,608	387,662
Capital grants	336,196	558,147
Other	17,592	70,731
Total accounts receivable	732,396	1,016,540
Prepaid expenses	101,938	39,513
Total current assets	<u>4,579,819</u>	<u>4,347,474</u>
Restricted assets		
Cash - passenger facility charges	563,361	163,707
Other receivable - passenger facility charges	124,337	69,677
Total restricted assets	<u>687,698</u>	<u>233,384</u>
Property and equipment		
Land	3,004,421	2,937,827
Airfield improvements	11,032,932	10,864,892
Airfield building	3,942,648	3,889,392
Building improvements	495,725	304,174
Vehicles	664,502	621,552
Machinery and equipment	1,653,946	1,565,149
Construction in progress	869,717	335,786
	21,663,891	20,518,772
Less accumulated depreciation	8,450,868	6,937,739
Net property and equipment	<u>13,213,023</u>	<u>13,581,033</u>
	<u>\$ 18,480,540</u>	<u>\$ 18,161,891</u>

NEW HANOVER COUNTY AIRPORT AUTHORITY

Balance Sheets June 30, 2001 and 2000

Liabilities and Fund Equity

	<u>2001</u>	<u>2000</u>
Current liabilities		
Accounts payable		
Trade	\$ 102,606	\$ 130,593
Construction, retainages and land acquisition costs	<u>266,451</u>	<u>374,864</u>
Total accounts payable	369,057	505,457
Accrued expenses	152,696	152,176
Taxes payable	<u>4,872</u>	<u>4,378</u>
Total current liabilities	<u>526,625</u>	<u>662,011</u>
Fund equity		
Contributed capital		
Federal Aviation Administration	7,460,008	8,607,450
State of North Carolina	479,191	596,480
New Hanover County	<u>488,005</u>	<u>494,521</u>
Total contributed capital	<u>8,427,204</u>	<u>9,698,451</u>
Retained earnings		
Unreserved	8,070,383	6,899,415
Reserved for maintenance, development and repairs	768,630	668,630
Reserved for passenger facility charges projects	<u>687,698</u>	<u>233,384</u>
Total retained earnings	<u>9,526,711</u>	<u>7,801,429</u>
Total fund equity	<u>17,953,915</u>	<u>17,499,880</u>
	<u>\$ 18,480,540</u>	<u>\$ 18,161,891</u>

PUBLIC PRIVATE PARTNERSHIP

**WILMINGTON AVIATION FOUNDATION
1740 Airport Blvd
Wilmington, NC 28405**

MISSION STATEMENT

The Wilmington Aviation Foundation, Inc. is a non-profit organization created to promote and develop a museum to enhance knowledge, history and appreciation for the role Wilmington, New Hanover County and Southeastern North Carolina has played in aviation and the defense of the United States of America.

Incorporated: September 8, 1999

Thomas Wright – Chairman
Representative N.C. House – District 98

Parks Griffin
Vice Chairman, New Hanover County Airport Authority
Served as Chairman of the Authority. He is President/CEO
of Griffin Estep Benefit Management Group

Steve Jacobs
Executive Manager of the J. L. Hendrick Management Corporation

Patrick Ballantine
N.C. Senate – District 4
Serves as a Minority Leader of the Senate for the State of North Carolina

Anna Pennington
The youngest female in the State of North Carolina to fly and the third local female from
Wilmington to fly. Mrs. Pennington made her first solo in June of 1939.

Wendy Pierce
Daughter of Piedmont Aviation founder, Thomas H. Davis.
Piedmont Airlines made its inaugural flight on February 20, 1948 departing from
Wilmington, N.C. to Cincinnati, Ohio.

I. A. Roseman, D.D.S.
Past Chairman of the New Hanover County Airport Authority.
An aviation enthusiast who was very instrumental in establishing the
Wilmington Aviation Foundation. Dr. Roseman is a licensed and practicing endodontist.

David Culp
A senior pilot currently employed by US Airways, who oversees the daily operation of the
Foundation, solicits additional members and gathers information and materials.



WILMINGTON AVIATION FOUNDATION

1740 Airport Boulevard

Wilmington, North Carolina 28409

Phone: (910) 341-4333 - Fax: (910) 341-4365

April 12, 2002

Mr. Carter T. Lambeth, Chairman
New Hanover County Airport Authority
1740 Airport Boulevard
Wilmington, NC 28405

Dear Mr. Lambeth:

The Wilmington Aviation Foundation is excited and supportive of the efforts of the New Hanover County Airport Authority to solicit grant funding from the U.S. Department of Transportation Small Community Air Service Development Pilot Program.

Wilmington International Airport is a vital link to our community economic development agenda and securing additional air service for the traveling public of Southeastern North Carolina for both business and leisure is of extreme importance to the Foundation. Area citizens have long expressed concerns with regards to routing, pricing and quality of service at the airport. All efforts to enhance current air service and fare structure at Wilmington International would be beneficial to our region.

It is my understanding that in order to secure funding through the Small Community Air Service Development Program a community must meet certain criteria, submit the grant application and have a public-private partnership to assure that the funding be used solely for the purpose of air service development. The Wilmington Aviation Foundation would gladly serve as the sponsor to accept program reimbursements and to assure that the funds are administered in a manner to meet the objectives as set forth in this grant application. The public member of this organization responsible for receiving reimbursements would be Steve Jacobs. His address and telephone number is Wilmington Aviation Foundation, Inc., 1740 Airport Boulevard, Wilmington, NC 28405; (910) 772-7983.

Sincerely,

Thomas E. Wright

Thomas E. Wright
Chairman

TEW/jj

WILMINGTON INTERNATIONAL AIRPORT

PROJECT FUNDING REQUEST

Wilmington International Airport and the Wilmington Aviation Foundation request \$500,000.00 from the Small Community Air Service Development Pilot Program.

- \$250,000** For revenue guarantees and operating cost offsets offering incumbent airlines incentive package to add new routes and upgrade equipment from turbo props to regional jets.
- \$150,000** Regional marketing/advertising and public relations strategies to promote air service and the convenience of using ILM with a focus on reducing diversion of passengers.
- \$100,000** Development of airline presentations, and consultant fees for air service development projects.

Budget Plan Time Period FY 2003 July 1, 2002- June 30, 2003

Anticipated Local Share:

New Hanover County Airport Authority	
- Economic Development	\$ 75,000.00
- Marketing/Public Relations	\$ 45,000.00
Wilmington Aviation Foundation	\$ 5,000.00
Federal Contribution	\$ 500,000.00

Total of Funds for Action Plan	\$ 625,000.00
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Post Office Box 1698
1739 Hewlett Drive
Wilmington, North Carolina 28402

Phone 910 763-8414
FAX 910 763-0106
<http://www.wilmingtonindustry.com>
e-mail: info@wilmingtonindustry.com

Mr. Carter Lambeth, Chairman
New Hanover County Airport Authority
PO Box 869
Wilmington, NC 28402

April 9, 2002

Dear Mr. Lambeth:

We at Wilmington Industrial Development take great interest in any endeavor that will enhance air service at Wilmington International Airport (WIA). Quality, frequency and pricing of air service continue to be a major factor in a company's expansion/relocation matrix. The caliber of companies that we are trying to encourage to invest in our region are extremely interested in air service & its potential for expansion at WIA. Any opportunity to expand the current capabilities of WIA should be advantageous to our mission and thus beneficial to our region.

We understand that there is the opportunity to secure funding through the *Small Community Air Service Development Program* for communities who meet their criteria and that the grant funding would be used solely for the purposes of air service development. Wilmington Industrial Development, Inc. would be pleased to serve as a "Community Member" of this important effort.

Thank you for the opportunity for Wilmington Industrial Development to be involved in this process with the Airport Authority. Without question, if this effort is successful, it will help benefit our economic development efforts and help foster economic prosperity in our region.

Please call me if you have any questions.

With kindest personal regards,

R. Scott Satterfield, CEO
Wilmington Industrial Development, Inc.



April 4, 2002

Mr. Carter Lambeth
New Hanover County Airport Authority
1740 Airport Blvd.
Wilmington, NC 28405

Dear Mr. Lambeth:

Upon behalf of the 1650 members of the Greater Wilmington Chamber of Commerce we strongly support the funding request available through the Small Community Air Service Development Program, which will provide opportunities for enhanced air service at Wilmington International Airport. Future regional business growth and expanded area tourism are directly linked to expanded carrier service at competitive rates at Wilmington. Several recent comprehensive air travel surveys have documented specific area air travel requirements. Funding support through the Small Community Air Service Development Program would allow Wilmington International Airport to respond to documented requirements for more competitive airfares and enhanced air service.

The Greater Wilmington Chamber of Commerce Board of Directors fully supports Wilmington International Airport's participation in the Air Service Development Pilot Program and will participate in future discussions regarding this project.

Sincerely,

A handwritten signature in black ink that reads "Paul McCombie". The signature is fluid and cursive, with the first name "Paul" and last name "McCombie" clearly distinguishable.

Paul McCombie
Chairman

COMMUNITY GROWTH PLANNING CORE TEAM

April 5, 2002

Mr. Carter Lambeth
New Hanover County Airport Authority
1740 Airport Blvd.
Wilmington, NC 28405

Dear Mr. Lambeth:

The Community Growth Planning Process Core Team represents those key community organizations directly responsible for advocating and implementing solutions related to issues associated with this area's exceptional growth. A successful, attractive and competitive airport is critical to future balanced regional economic growth. As Chairman, and on behalf of the Core Team, we strongly support the request by Wilmington International Airport to participate in the Small Community Air Service Development Program. The Core Team is fully aware of the need to make certain existing airfares more competitive and the requirement to add cost-effective carrier service to new destinations. Funding support through the Small community Air Service Development Program will assist Wilmington International in addressing current deficiencies and establishing specific programs to enhance its air service.

The Community Growth Planning Core Team actively supports Wilmington International Airport's air service development and encourages approval of their request.

Sincerely,



Bob Warwick
Chairman

GREATER WILMINGTON CHAMBER OF COMMERCE
ONE ESTELL LEE PLACE
WILMINGTON, NC 28401

GRANT ASSURANCES

A quarterly review process will be initiated where the Wilmington Aviation Foundation , Inc., will be required to report program status and financials under the Small Community Air Service Development Pilot Program Funds. The report will be submitted to the New Hanover County Airport Authority, The Wilmington International Airport, The Wilmington Chamber of Commerce, The Wilmington Chamber of Commerce Community Growth Planning Core Team and The Wilmington Industrial Development Committee 100. The report will be documented and become a matter of record.

The New Hanover County Airport Authority will report all grant revenues expended in the annual single audit in accordance with GAP or LGC. An independent audit will be conducted if requested or required.